

## Message Text

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TO AMEMBASSY LONDON IMMEDIATE

AMEMBASSY BUCHAREST

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LONDON FOR VEST, AGGREY AND LUERS

E.O. 11652: N/A

TAGS: EEWT, PEPR, RO

SUBJECT: DRAFT SPEECH FOR ASSISTANT SECRETARY VEST'S USE  
DURING VISIT TO ROMANIA

1. FOR LONDON: PLEASE BE SURE COPIES OF THIS CABLE ARE  
PROVIDED TO VEST, AGGREY AND LUERS BEFORE THEY DEPART  
LONDON.

2. FOR BUCHAREST: TEXT REFLECTS DEPARTMENT'S MODIFICATIONS  
OF YOUR VERY USEFUL DRAFT. PLEASE PREPARE IN SUITABLE  
FORMAT FOR VEST'S DELIVERY AT JOINT COUNCIL SESSION IN  
SINAIA JUNE 26.

3. BEGIN TEXT: WHEN MY COLLEAGUES IN THE DEPARTMENT OF  
STATE AND COMMERCE IN WASHINGTON ASKED ME IF I WOULD  
ATTEND THIS SESSION OF THE ROMANIAN-U.S. ECONOMIC COUNCIL  
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IN SINAIA, THEY DECIDED THAT THEY HAD BETTER GIVE ME A  
LIST OF PERSUASIVE REASONS WHY I SHOULD MAKE THIS TRIP.  
AND THEIR LIST OF REASONS WAS INDEED, PERSUASIVE: TO  
DEMONSTRATE SUPPORT FOR THE COUNCIL'S ROLE IN EXPANDING  
COMMERCIAL RELATIONS BETWEEN ROMANIA AND THE UNITED STATES;  
TO REMIND BOTH THE AMERICAN AND ROMANIAN BUSINESS SECTORS  
OF THE U.S. GOVERNMENT'S INTEREST AND INVOLVEMENT IN  
INCREASED TRADE; TO TAKE ADVANTAGE OF THE EXCELLENT ATMO-  
SPHERE CREATED BY PRESIDENT CEAUSESCU'S RECENT VISIT TO  
THE UNITED STATES; AND, OF COURSE, TO CONTINUE THE

POLITICAL DIALOGUE WHICH WE HAVE BEEN CARRYING ON SO FRUITFULLY WITH OUR ROMANIAN COLLEAGUES. BUT THESE IMPRESSIVE JUSTIFICATIONS PALED IN COMPARISON WITH THE THOUGHT OF BEING OUT OF THE OFFICE FOR SEVERAL DAYS AND IN THE LOVELY ROMANIAN COUNTRYSIDE. MY SENSE OF DUTY PREVAILED, AS YOU SEE, AND I AGREED TO COME.

4. I RECOGNIZE THAT THESE SESSIONS OF THE COUNCIL ARE DEVOTED PRIMARILY TO RELATIONS BETWEEN PRIVATE U.S. BUSINESS REPRESENTATIVES AND THEIR ROMANIAN COUNTERPARTS, AND THAT THE COUNCIL'S OBJECTIVE IS TO FURTHER THE ALREADY FRUITFUL AND MUTUALLY BENEFICIAL RELATIONSHIP BETWEEN U.S. BUSINESSMEN AND THE ROMANIAN GOVERNMENT. BUT FOR MY PART I WOULD LIKE TO ADDRESS SEVERAL ASPECTS OF THE GOVERNMENTAL RELATIONSHIP, PARTICULARLY AS IT AFFECTS THE POLITICAL CLIMATE AND LEGAL FRAMEWORK WITHIN WHICH YOU OPERATE.

5. MR. ROSENTHAL RECENTLY APPEARED AT THE CONGRESSIONAL HEARINGS ON MOST FAVORED NATION TARIFF TREATMENT FOR ROMANIA AND MADE A POINT WHICH I THINK IS WORTH REPEATING HERE. ASKED BY CONGRESSMAN VANIK WHY AMERICAN FIRMS HAD NOT DONE BETTER IN EXPORTING MANUFACTURED GOODS TO LIMITED OFFICIAL USE  
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ROMANIA, HE MADE IT CLEAR THAT THE PRIMARY RESPONSIBILITY FOR IMPROVED MARKETING IN ROMANIA LIES WITH US BUSINESS ITSELF. THE U.S. GOVERNMENT CANNOT DRAG FIRMS INTO THE ROMANIAN MARKET. BUT MR. ROSENTHAL ADDED THAT AMERICAN FIRMS CAN EXPECT THAT THE U.S. GOVERNMENT WILL NOT CREATE ARTIFICIAL BARRIERS WHICH INTERFERE WITH THE EFFORTS OF THE BUSINESS SECTOR.

6. I AGREE WHOLEHEARTEDLY WITH THIS SENTIMENT. MOREOVER, I WOULD NOT DESCRIBE THE U.S. POLICY TOWARD TRADE WITH ROMANIA AS MERELY ONE OF NEUTRALITY. ON THE CONTRARY, WE HAVE MADE IT VERY CLEAR SINCE 1973 THAT THE U.S. GOVERNMENT FIRMLY SUPPORTS AND WILL FACILITATE TO THE EXTENT POSSIBLE AN EXPANSION OF TRADE AND COMMERCIAL RELATIONS BETWEEN THE TWO COUNTRIES. THIS GOVERNMENTAL COMMITMENT WAS SET OUT IN THE JOINT STATEMENT OF DECEMBER 5, 1973 AND REITERATED IN THE JOINT DECLARATION BY PRESIDENTS CARTER AND CEAUSESCU OF APRIL 13 OF THIS YEAR. OUR COMMITMENT TO EXPAND TRADE RELATIONS STEMS FROM OUR CONVICTION THAT CLOSER TRADE TIES CONTRIBUTE SUBSTANTIALLY TO THE OVERALL IMPROVEMENT IN OUR RELATIONS WITH ROMANIA.

7. IT IS CLEAR THAT THE MOST IMPORTANT RECENT EVENT IN THE RELATIONS BETWEEN OUR COUNTRIES WAS THE STATE VISIT

OF PRESIDENT NICOLAE CEAUSESCU AND MRS. ELENA CEAUSESCU TO THE UNITED STATES. IT WAS AN IMPORTANT AND SUCCESSFUL VISIT IN MANY RESPECTS. THE TWO PRESIDENTS ACHIEVED AN EFFECTIVE PERSONAL RELATIONSHIP. THEIR DISCUSSIONS ON BILATERAL AFFAIRS -- POLITICAL AS WELL AS ECONOMIC -- WERE USEFUL AND THOROUGH. THEIR TALKS THUS CONSTITUTED AN IMPORTANT STEP IN THE CREATION OF A NEW PHASE IN OUR RELATIONSHIP. THE APRIL 13 JOINT DECLARATION SHOWS THE PROGRESS MADE. MORE IMPORTANTLY, HOWEVER, PRESIDENT CEAUSESCU, TOGETHER WITH HIS TEAM -- WHICH INCLUDED LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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SEVERAL IMPORTANT ROMANIAN ECONOMIC OFFICIALS -- PROMOTED A DEEPER AND MORE SOPHISTICATED MUTUAL UNDERSTANDING OF THE CHALLENGES AND ADVANTAGES OF OUR RELATIONSHIP. AND THIS HAS BEEN DONE ACROSS A CONSTANTLY BROADENING SPECTRUM OF U.S. SOCIETY. THE BROADENING OF OUR RELATIONS AND THE GROWING SOPHISTICATION OF THOSE RELATIONS ARE IMPORTANT AND GOOD SIGNS. A CONTINUATION OF THAT TREND IS NECESSARY IF WE ARE TO ACHIEVE OUR COMMON GOAL -- MORE COOPERATION IN A WIDE RANGE OF FIELDS, WITH SUCH COOPERATION YIELDING BENEFITS COMMENSURATE WITH THE EFFORTS MADE. IT GOES WITHOUT SAYING THAT THIS COOPERATION MUST GIVE RISE TO BENEFITS FOR BOTH SIDES.

8. WE ARE PLEASED WITH THE RESULTS WHICH FLOWED FROM THE STATE VISIT. TRADE IS UP; SOME NEW UNDERSTANDINGS HAVE BEEN REACHED BETWEEN AMERICAN AND ROMANIAN PARTNERS INVOLVING NEW FORMS OF COOPERATIVE ACTIVITY. SECRETARY OF AGRICULTURE BERGLAND AND HIS TEAM VISITED ROMANIA AND EXPANDED THE PARAMETERS OF A RELATIONSHIP WHICH, EVEN BEFORE HIS VISIT, WERE STRIKINGLY FRIENDLY, OPEN AND PRODUCTIVE. DIRECTOR SAINT PHALLE LED AN EXPORT-IMPORT BANK MISSION IN MAY, AND WE ALL HOPE THAT THE RESULT OF THAT ONE-WEEK VISIT WILL BE AN EXPANDED BANK PORTFOLIO HERE, A SIGN OF EXPANDING ROMANIAN ECONOMIC DEVELOPMENT AND U.S. EXPORTS. WE EXPECT SUCH USEFUL VISITS TO CONTINUE, IN BOTH DIRECTIONS.

9. OUR COUNTRIES ARE PURSUING THEIR GOAL OF EXPANDED RELATIONS IN THE CONTEXT OF DYNAMIC CHANGE IN INTERNATIONAL TRADE AND FINANCIAL ARRANGEMENTS. THE ROMANIAN GOVERNMENT, LIKE THE U.S., LOOKS TOWARD THE DEVELOPMENT OF AN INTERNATIONAL SYSTEM WHICH ENCOURAGES PARTICIPATION, THE RELEASE OF UNTAPPED RESOURCES -- BOTH HUMAN LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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AND MATERIAL -- AND THE GROWTH OF MARKETS FOR OUR GOODS.

WHILE THE VIEWS OF OUR GOVERNMENTS ON THE EMERGING NEW INTERNATIONAL ORDER DO NOT ALWAYS COINCIDE IN DETAIL, WE DO SHARE -- AND THIS IS IMPORTANT -- A FORWARD LOOKING, OPTIMISTIC POSTURE WHICH ENCOURAGES FREER TRADE AND A MORE RATIONAL AND JUST INTERNATIONAL SYSTEM.

THESE COMMONLY HELD OBJECTIVES FORM THE BACKGROUND FOR THE MULTILATERAL TRADE NEGOTIATIONS AT GENEVA. WE HOPE THAT THE DIALOGUE BETWEEN OUR TWO DELEGATIONS AT GENEVA CAN BE ENHANCED. WE ARE ALSO ENCOURAGED BY ROMANIAN PARTICIPATION IN THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK.

10. NOT TOO LONG BEFORE THE VISIT TO THE UNITED STATES OF PRESIDENT AND MRS. CEAUSESCU, THE BELGRADE FOLLOW-UP CONFERENCE ON EUROPEAN SECURITY AND COOPERATION CONCLUDED. WE BELIEVE THAT THAT CONFERENCE AND ITS RESULTS CONSTITUTE AN IMPORTANT DEVELOPMENT IN EUROPEAN AFFAIRS. WE SHARE THE ROMANIAN DISAPPOINTMENT THAT IT WAS NOT POSSIBLE TO REACH MORE SUBSTANTIAL AGREEMENT ON THE NUMEROUS USEFUL PROPOSALS PUT FORWARD. BUT IT WAS IMPORTANT THAT THE CONFERENCE TOOK PLACE AT ALL. AS PREPARATIONS ARE BEING MADE FOR THE MADRID MEETING, THE DIALOGUE CONTINUES. THE FACT THAT IT DOES CONTINUE IS DUE TO THE SPECIAL TENACITY OF GOVERNMENTS WHICH PERSIST IN THEIR DETERMINATION TO PROTECT THEIR NATIONAL INTERESTS THROUGH OPEN AND FRANK EXPRESSION OF THOSE INTERESTS. I WISH ALSO TO STRESS THAT THE UNITED STATES IS INTERESTED IN CONCRETE PROGRESS THROUGH THIS DIALOGUE. IN THE TWO YEARS LEADING UP TO THE MADRID MEETING, WE WILL WORK CLOSELY WITH ROMANIA AND OTHER SIGNATORIES OF THE FINAL ACT TO HELP ENSURE FULL UTILIZATION OF ALL ITS SECTIONS.

11. I WISH NOW TO TURN TO A STRICTLY BILATERAL THEME -- LIMITED OFFICIAL USE  
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THE US-ROMANIAN TRADE AGREEMENT AND MOST FAVORED NATION TARIFF TREATMENT. ON JUNE 2, THE PRESIDENT OF THE UNITED STATES FORWARDED TO THE CONGRESS HIS DETERMINATION FAVORING AND STRONGLY SUPPORTING THE EXTENSION OF THE TRADE AGREEMENT FOR AN ADDITIONAL THREE YEARS AND THE EXTENSION OF MFN TREATMENT FOR ONE YEAR. AS YOU ALL ARE WELL AWARE, EXTENSION OF MFN IS LINKED, THROUGH THE U.S. TRADE ACT OF 1974, WITH THE QUESTION OF EMIGRATION. ON BALANCE, THE ADMINISTRATION'S VIEW IS THAT THE POSITIVE TREND WE HAVE OBSERVED MEETS THE REQUIREMENTS OF SECTION 402 OF THE TRADE ACT. WE ARE PARTICULARLY PLEASED WITH THE PROGRESS OBSERVED PRECEEDING AND FOLLOWING PRESIDENT CEAUSESCU'S VISIT TO THE UNITED STATES, AND WE HOPE THIS WILL CONTINUE, BECAUSE IT WILL

HAVE AN IMPORTANT EFFECT ON THE ATTITUDE OF THE U.S. CONGRESS AS WELL AS THE ADMINISTRATION. THE HOUSE TRADE SUBCOMMITTEE CONSIDERED THE PRESIDENT'S RECOMMENDATION ON JUNE 15, AND THERE WAS A GOOD DEAL OF FAVORABLE TESTIMONY -- AS WELL AS SOME CRITICISM OF REMAINING PROBLEMS. THE SENATE TRADE SUBCOMMITTEE WILL TAKE UP

THE QUESTION IN THE NEAR FUTURE. WE ARE OPTIMISTIC THAT THE PRESIDENT'S RECOMMENDATION WILL BE ACCEPTED BY THE CONGRESS.

12. ALTHOUGH THE ROLE OF THE U.S. GOVERNMENT IN ASSISTING THE GROWTH OF ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES HAS BEEN CONSIDERABLE, I REALIZE THAT SOME OF YOU WOULD SUGGEST THAT OUR GOVERNMENT'S ROLE HAS BEEN LESS THAN HELPFUL IN CERTAIN RESPECTS. I WOULD LIKE BRIEFLY TO ADDRESS ONE AREA WHICH GIVES RISE TO THE VIEW THAT GOVERNMENTS SOMETIMES IMPEDE RATHER THAN FACILITATE BUSINESS.

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13. A BEDEVILING FEATURE OF OUR ECONOMIC RELATIONS HAS BEEN THE U.S. GOVERNMENT'S EXPORT CONTROL SYSTEM. ALTHOUGH EXPORT CONTROLS HAVE AFFECTED ONLY A MINOR PORTION OF THE VALUE AND BULK OF TRADE, MISUNDERSTANDINGS CONCERNING THE IMPLEMENTATION OF THE EXPORT CONTROL PROGRAM AND ITS MOTIVATIONS HAVE TAKEN UP A LARGE PORTION OF INTERGOVERNMENTAL TALKS ON TRADE. I KNOW THAT SOME U.S. BUSINESSMEN HAVE ALSO INVESTED LARGE AMOUNTS OF TIME AND EFFORT IN THIS AREA. I WOULD LIKE TO MAKE ONE THING CLEAR IN THIS REGARD: THE U.S. GOVERNMENT'S POLICY ON EXPORT CONTROLS IS BASED EXCLUSIVELY ON MOTIVES OF SECURITY. THE SYSTEM AS IMPLEMENTED IN THE UNITED STATES IS COMPLEMENTED BY A SYSTEM OF INTERNATIONAL CONSULTATIONS INVOLVING ALL MAJOR WESTERN EXPORTERS OF ADVANCED TECHNOLOGY AND GOODS. I WOULD BE LESS THAN FRANK IF I WERE TO INDICATE TO YOU THAT THE SECURITY INTERESTS OF THE U.S. GOVERNMENT AND OF ITS ALLIES WERE CONSIDERED NEGOTIABLE. THEREFORE, THERE IS A POINT IN THE TRANSFER OF TECHNOLOGY BEYOND WHICH IT IS IMPOSSIBLE TO MOVE. HOWEVER, WE ARE AWARE OF THE ESPECIALLY DYNAMIC NATURE OF DEVELOPMENTS IN TECHNOLOGY. AN ITEM CONSIDERED SENSITIVE IN ONE PERIOD MAY BECOME AVAILABLE LATER. REVIEWS OF ITEMS ON EXPORT CONTROL LISTS ARE UNDERTAKEN FROM TIME TO TIME TO UPDATE THE LISTS, TAKING INTO ACCOUNT THIS SPECIAL CHARACTERISTIC. A REVIEW OF THIS SORT IS PRESENTLY TAKING PLACE AND, ALTHOUGH IT WOULD BE PRESUMPTUOUS TO PREJUDGE ITS OUTCOME, CHANCES ARE THAT THERE WILL BE SOME RELAXATION ON SOME ITEMS. ON THE POINT OF EXPORT CONTROLS, PARTICULARLY AS THEY APPLY TO ROMANIA, I THINK IT IS FAIR TO SAY THAT THE

LENGTHY AND TIME-CONSUMING DIALOGUE HAS BEEN WORTHWHILE  
IN PRODUCING GREATER UNDERSTANDING OF BOTH THE LIMITS  
AND THE POSSIBILITIES.

14. AS AN OPTIMIST BY NATURE, I WOULD LIKE TO END ON A  
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POSITIVE NOTE. I KNOW THAT MANY OF YOU HERE BOTH

AMERICANS AND ROMANIANS FEEL STRONGLY ABOUT THE NEED TO  
PLACE ROMANIA'S PRESENT TARIFF STATUS ON A LONGER-TERM  
BASIS SO THAT BUSINESS DECISIONS CAN BE MADE WITH GREATER  
CONFIDENCE. I CAN OFFER YOU NO SPECIFIC ASSURANCES AS  
TO WHEN SUCH A CHANGE CAN BE WORKED OUT NOR THE WAY IN  
WHICH IT WILL BE DONE. BUT IT IS MY PERSONAL CONVICTION  
THAT IF OUR TWO GOVERNMENTS CONTINUE TO SHOW AN INCREAS-  
INGLY COOPERATIVE AND CONSTRUCTIVE APPROACH IN DEALING  
WITH THE CONCERNS THAT WE BRING TO EACH OTHER'S ATTENTION,  
THE ADMINISTRATION AND THE CONGRESS WILL FIND A SOLUTION.  
AND I BELIEVE THAT SOLUTION WILL BE IN KEEPING WITH THE  
POLICY I DESCRIBED AT THE BEGINNING OF MY TALK: STRONG  
SUPPORT FOR INCREASING ECONOMIC AND COMMERCIAL TIES AS  
AN EFFECTIVE UNDERPINNING FOR THE GOOD RELATIONS  
BETWEEN ROMANIA AND THE UNITED STATES. END TEXT. NEWSOM

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